

FIG. 1

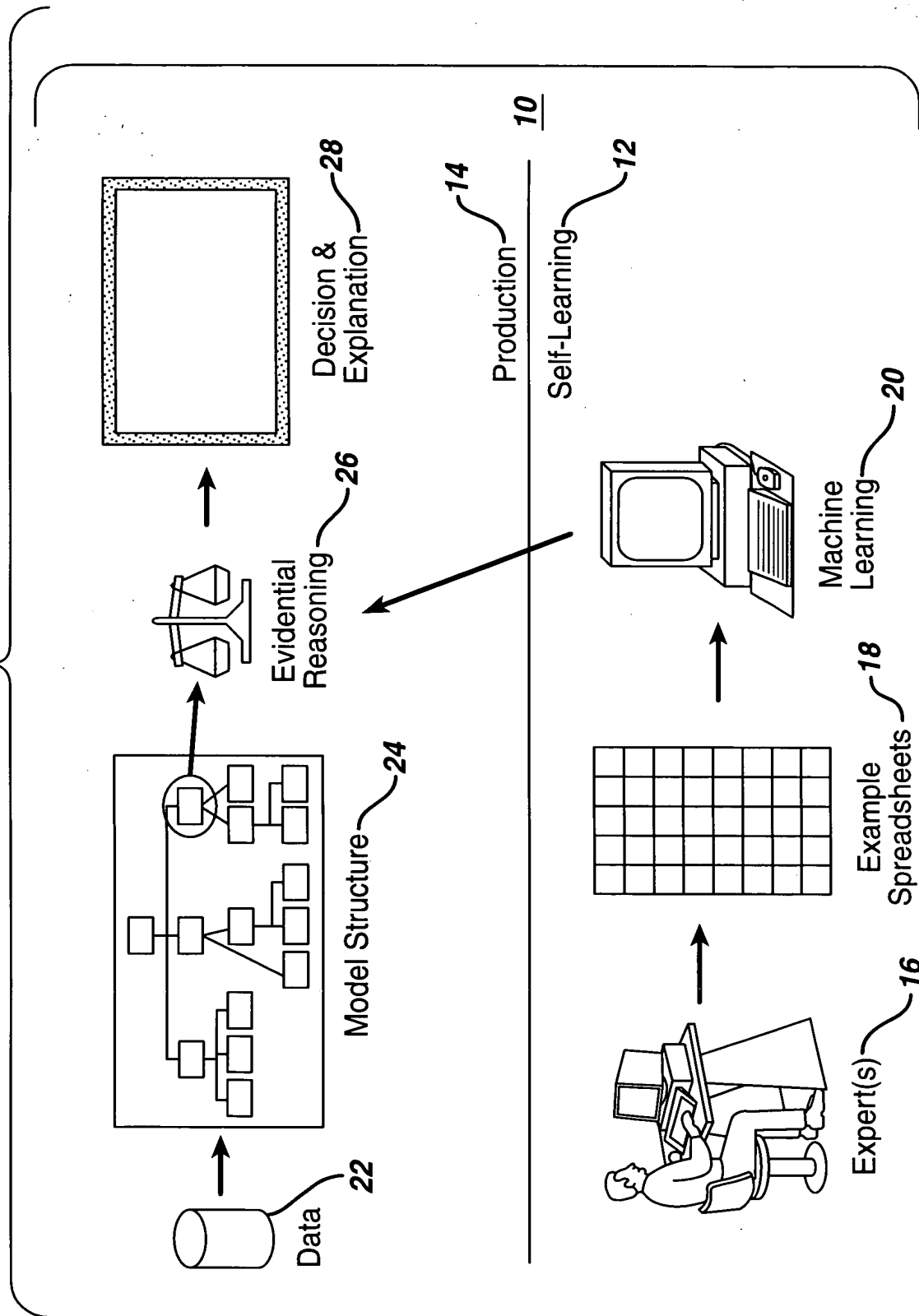


FIG. 2

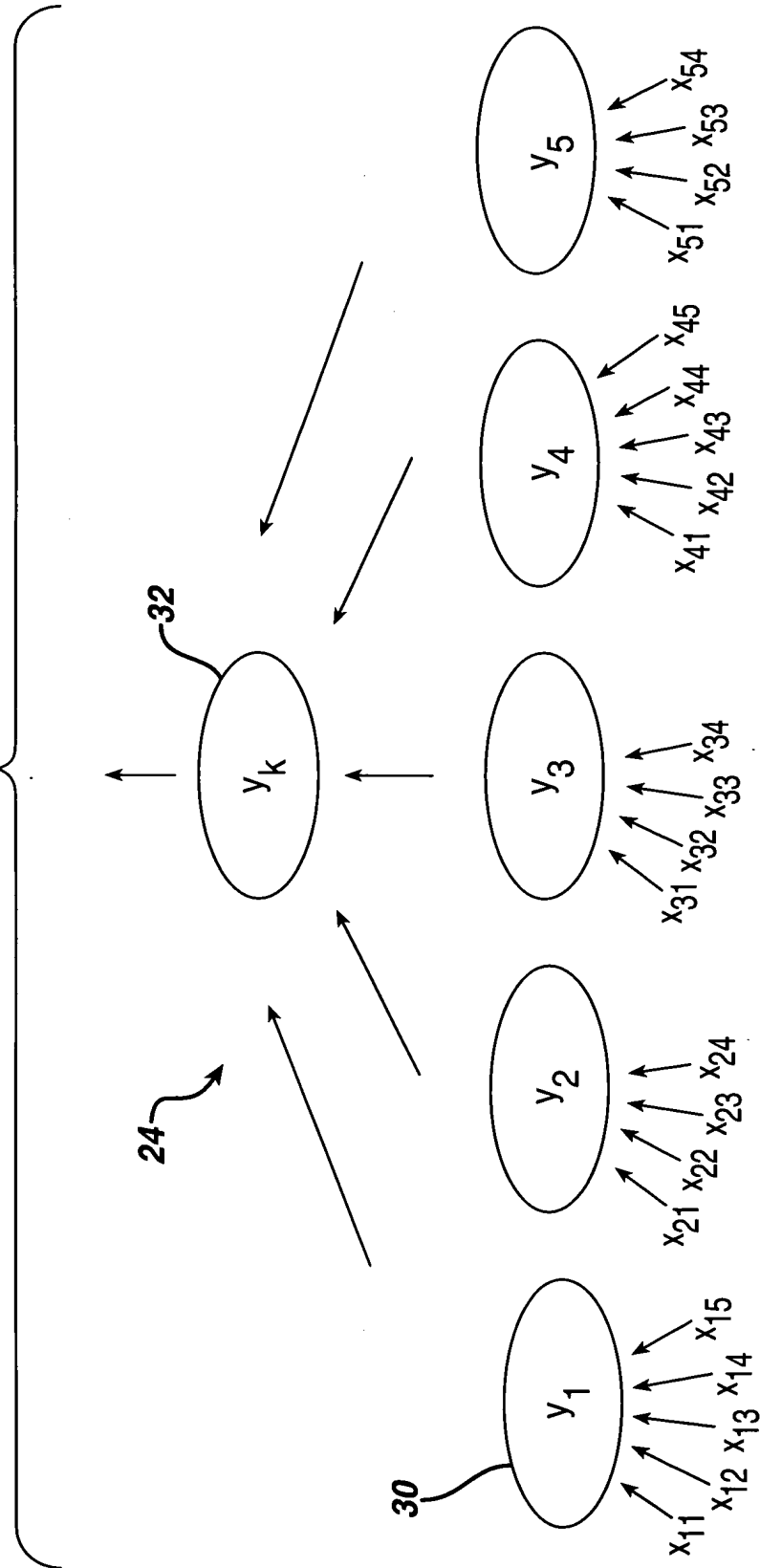
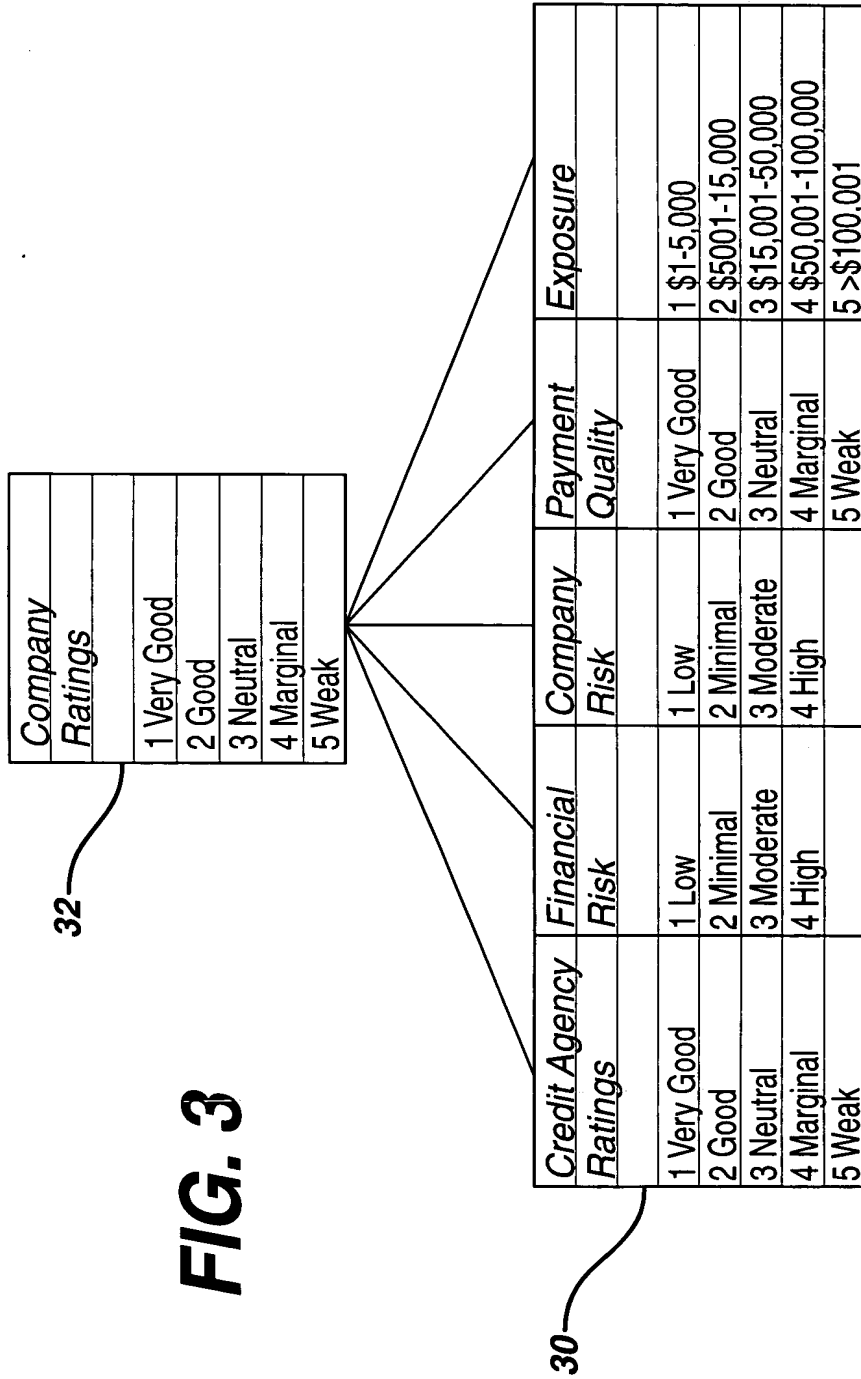


FIG. 3



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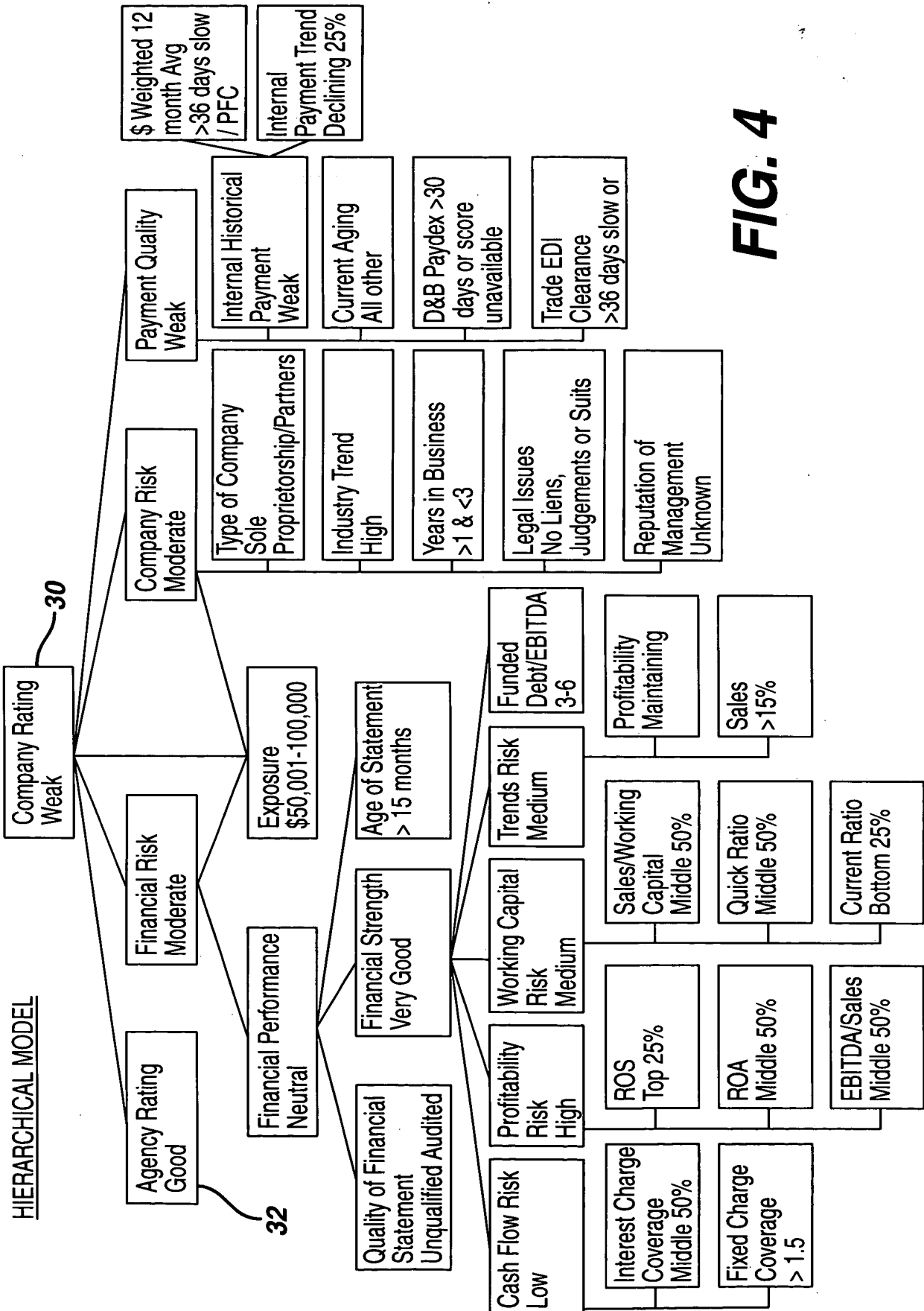


FIG. 4

APPROVED	O.G. FIG.	
BY	CLASS	SUBCLASS
DRAFTSMAN		

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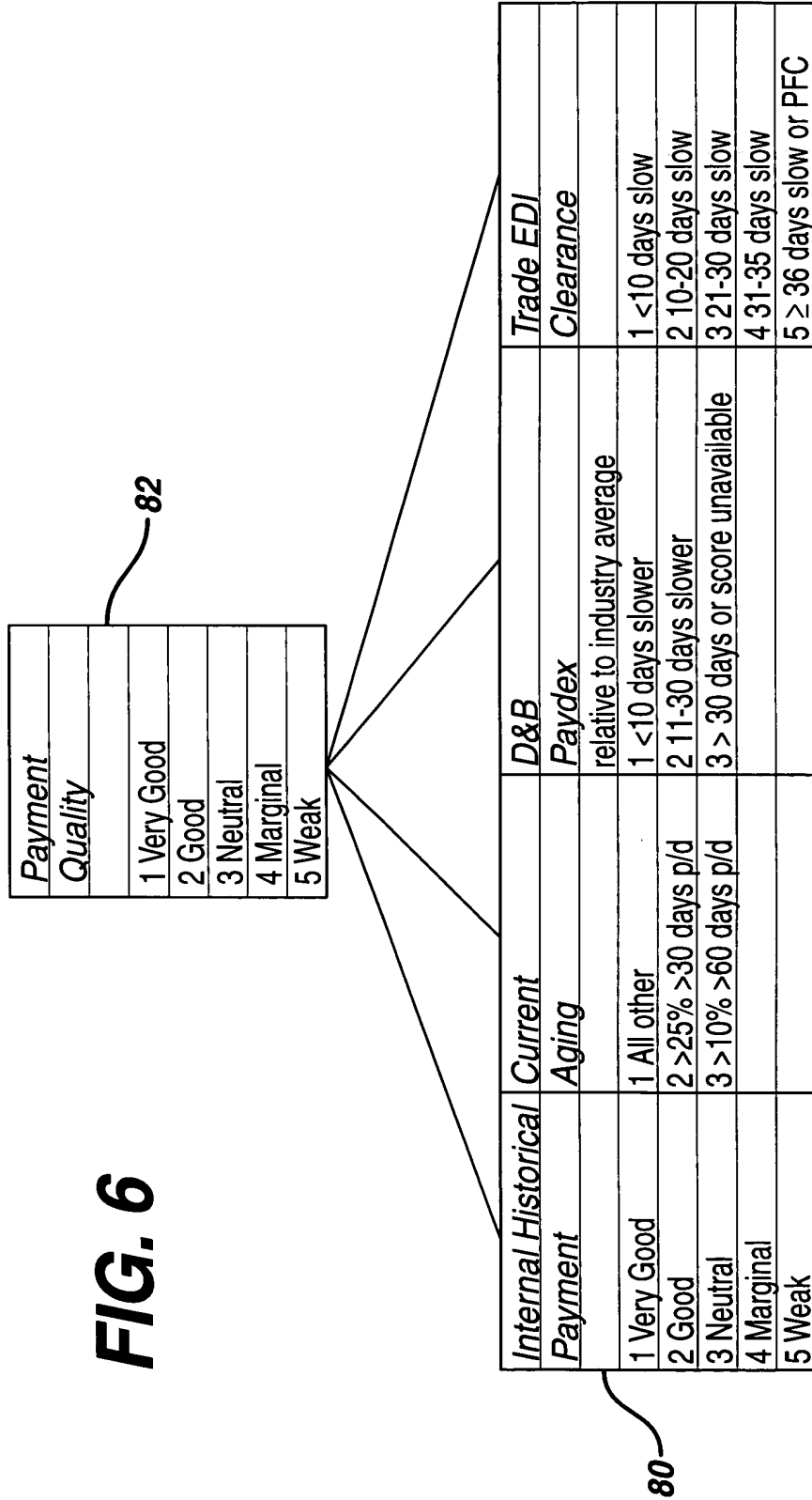
D&B Mapping of Raw Data(e.g., from D&B) for Credit Agency Ratings				
1. Very Good	2. Good	3. Neutral	4. Marginal	5. Weak
5A1 5A2 4A1 4A2 3A1	3A2 2A1 2A2 1A1 1A2 BA1 BA2 CB1 CB2 CC1 DC1	5A3 4A3 3A3 2A3 1A3 BA3 DC2 DD1 EE1 FF1 GG1 HH1	BB3 CB3 CC3 DC3 DD2 EE2 FF2 GG2 HH2 1R2 2R2 NL - NQ ER1 ER2 ER3 ER4 ER5 ER6 ER7 ER8 ERN	5A4 4A4 3A4 2A4 1A4 BA4 BB4 CB4 CC4 DC4 DD3 DD4 EE3 EE4 FF3 FF4 GG3 GG4 HH3 HH4 1R3 1R4 2R3 2R4

FIG. 5

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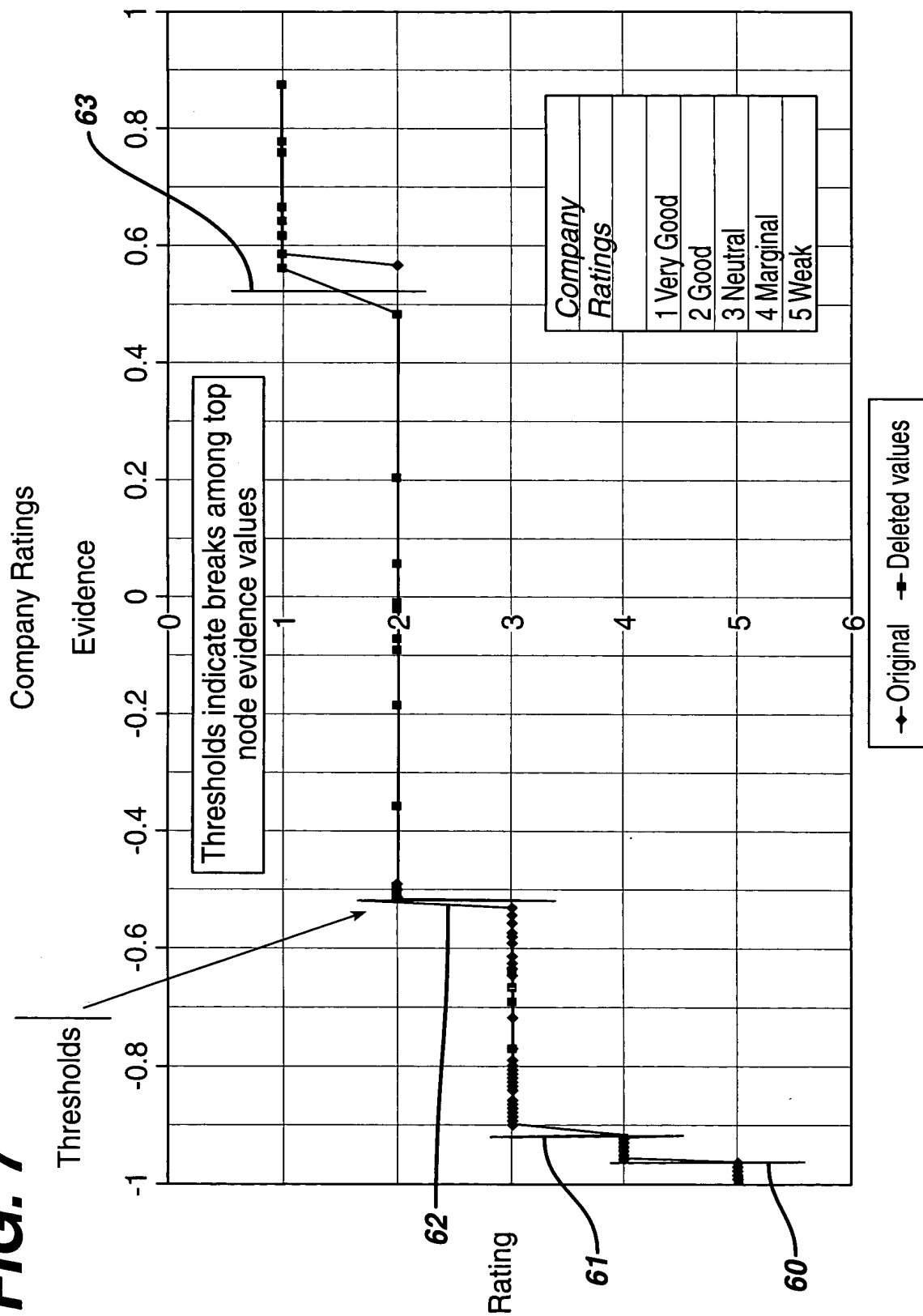
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FIG. 6



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FIG. 7



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Company Rating

Agency Rating	Financial Risk	Company Risk	Payment Quality	Exposure	Company Rating
1 Very Good	1 Low	1 Low	1 Very Good	1 \$1-5,000	1 Very Good
2 Good	2 Minimal	2 Minimal	2 Good	2 \$5,001-15,000	2 Good
3 Neutral	3 Moderate	3 Moderate	3 Neutral	3 \$15,001-50,000	3 Neutral
4 Marginal	4 High	4 High	4 Marginal	4 \$50,001-100,000	4 Marginal
5 Weak			5 Weak	5 >\$100,001	5 Weak

Create a statistical sample of the possible hypothetical cases
- Expert supplies his opinion or diagnosis

Comment

Case						
604	2	3	1	1	4	3
1821	5	3	1	5	1	4
1567	4	4	3	4	2	5
1713	5	2	1	3	3	2
260	1	3	3	2	5	4
1952	5	4	3	1	2	3
152	1	2	3	1	2	2
691	2	3	4	4	1	4
1659	5	1	3	2	4	3
588	2	2	4	3	3	3
1093	3	3	4	4	3	4
132	1	2	2	2	2	1
760	2	4	3	2	5	5
25	1	1	1	5	5	3
1381	4	2	4	2	1	2
107	1	2	1	2	2	1
1156	3	4	3	2	1	2
1880	5	3	4	1	5	4
595	2	2	4	4	5	4
591	2	2	4	4	1	3
142	1	2	2	4	2	2
1924	5	4	1	5	4	5
1364	4	2	3	3	4	3
646	2	3	2	5	1	5
1704	5	2	1	1	4	2
1123	3	4	1	5	3	5
312	1	4	1	3	2	3
554	2	2	3	1	4	2
69	1	1	3	4	4	3
946	3	2	2	5	1	4

Used as input to machine learning technique

FIG. 8

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FIG. 9

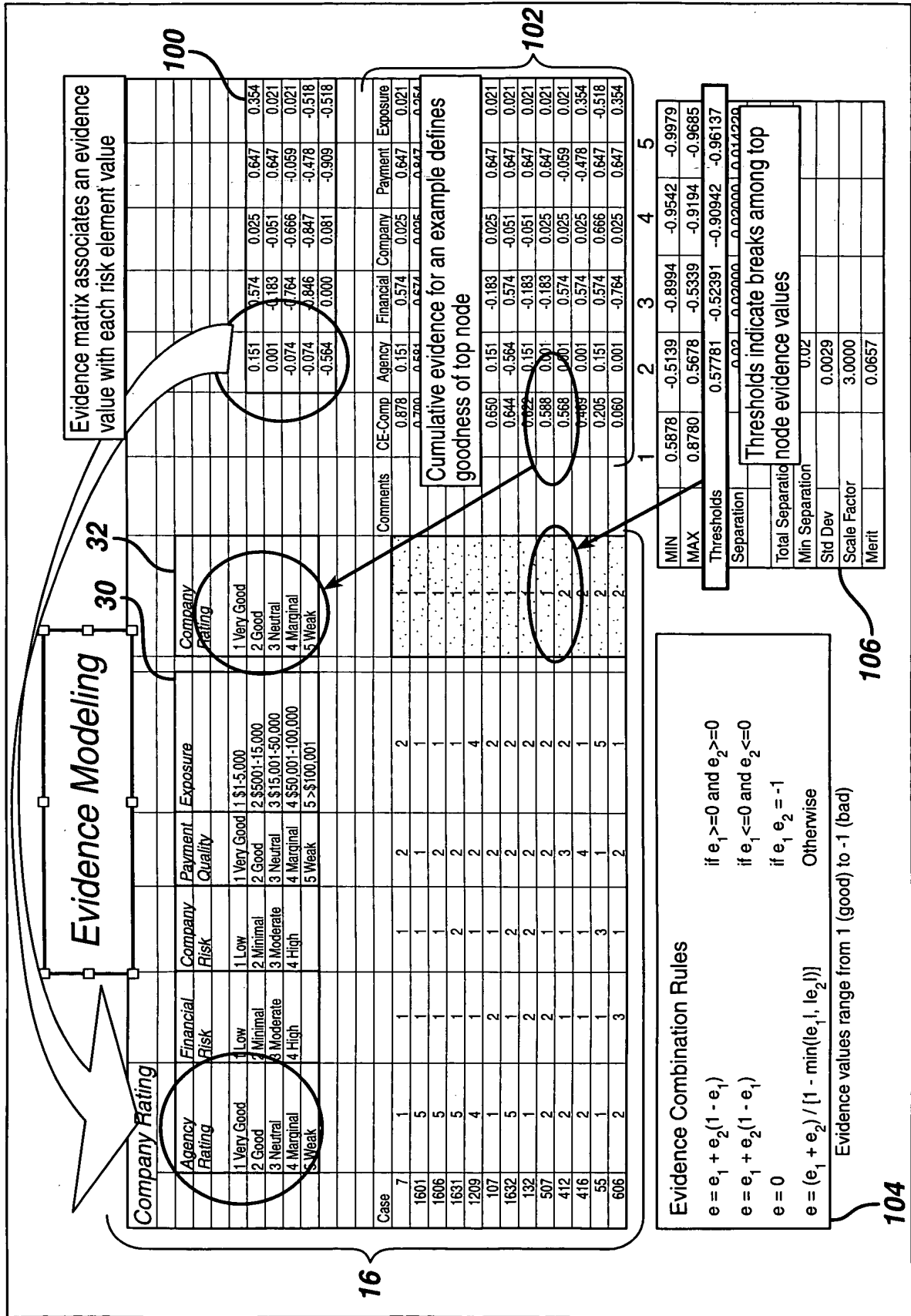
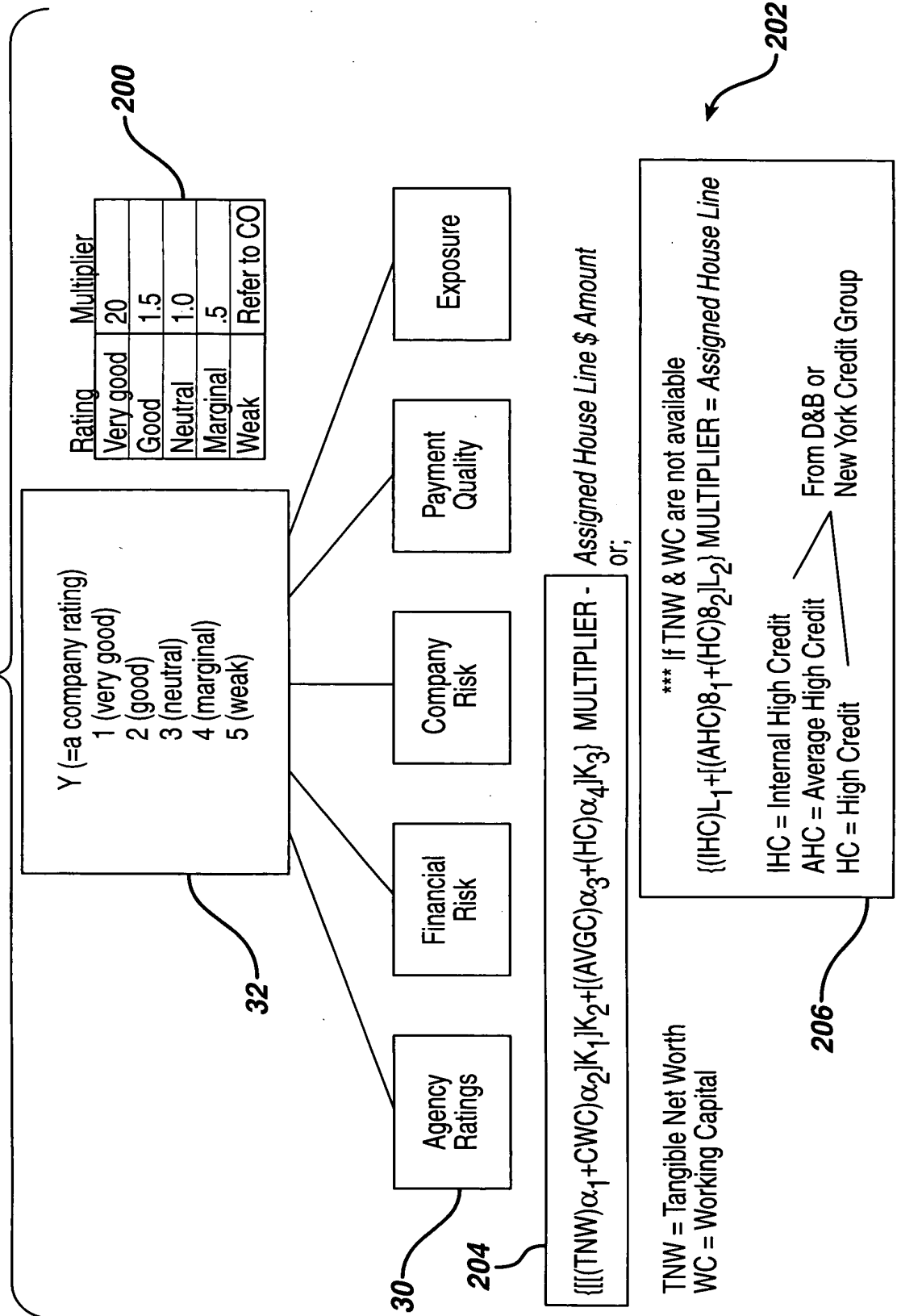


FIG. 10



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FIG. 11

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Financial Risk

Financial
Performance

Exposure

Financial
Risk

Comments

1 Very Good

1 \$1-5,000

1 Low

Credit officers thought they
know size of the company(
of net worth) before they co
accurately assess the risk.

2 Good

2 \$5001-15,000

2 Minimal

3 Neutral

3 \$15,001-50,000

3 Moderate

4 Marginal

4 \$50,001-100,000

4 High

5 Unknown

5 >\$100,001

6 Weak

Case

1

1

1

1

6

2

1

1

11

3

1

1

2

1

2

1

7

2

2

1

3

1

3

1

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2

2

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4

The approach identifies values
that are outside the logic
developed for the majority
of cases.

In all cases they were changed
one "bin" value to conform.
Changes were confirmed
by experts.

Changed from a 2

Changed from a 3

APPROVED	Q.G. FIG.	
BY	CLASS	SUBCLASS
DRAFTSMAN		

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FIG. 12

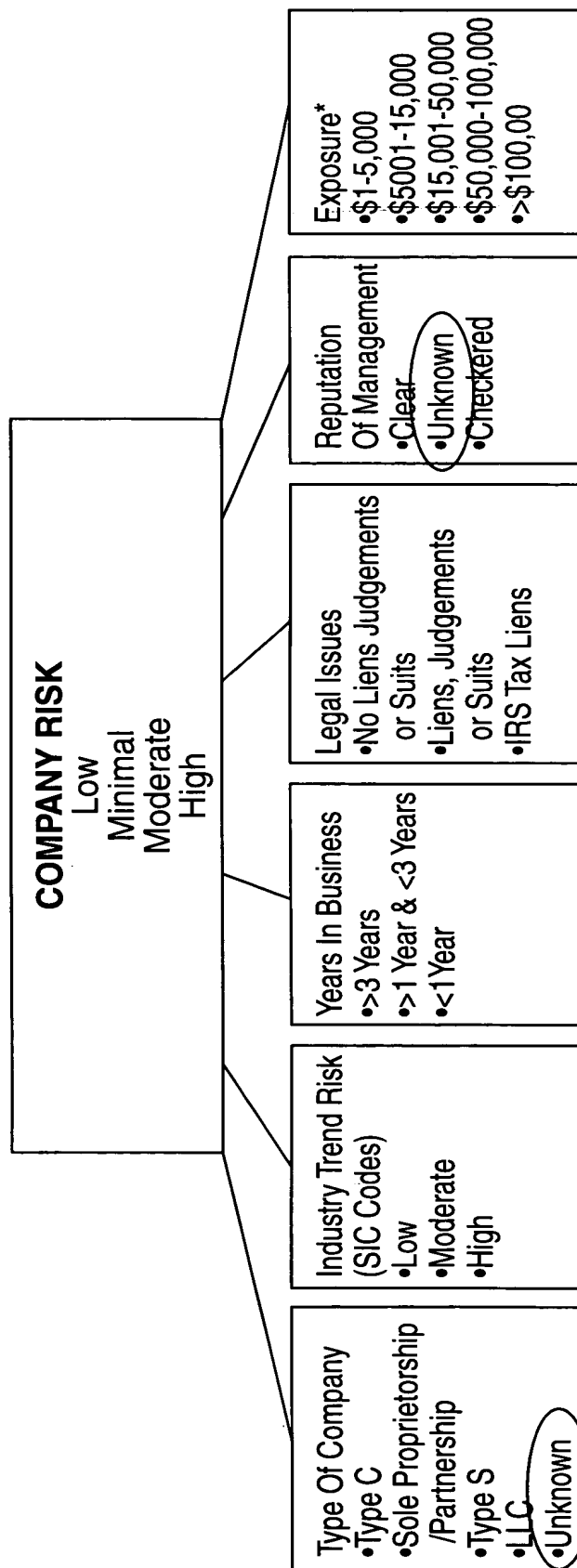


FIG. 13

Inputs

\$ Weighted 12 month Avg	2 11-20 days slow
Internal Payment Trend	2 24% to -24%(or Unknown)
Sales/Working Capital	2 Middle 50%
Quick Ratio	2 Middle 50%
Current ratio	2 Middle 50%
Profitability	# Down > 10%
Sales	4 Declining
ROS	3 Bottom 25%
ROA	3 Bottom 25%
EBITDA/Sales	3 Bottom 25%
Agency Rating	4 Marginal
Exposure	5 > \$100,0001
Type of Company	1 Type C
Industry Trend	1 Low
Years in Business	1 > 3
Legal Issues	1 No Liens, Judgements or Suits
Reputation of Management	3 Checkered
Quality of Financial Statement	1 Unqualified Audited
Age of Statement	1 < 6 months
Funded Debt/EBITDA	3 > 6 or <0
Fixed Charge Coverage	1 > 1.5
Interest Charge Coverage	3 Bottom 25%
Current Aging	1 All other
D&B Paydex	2 11-30 days slower(or Unknown)
Trade EDI Clearance	2 10-20 days slow

Run Model

302

<input checked="" type="checkbox"/> Financials Known
<input checked="" type="checkbox"/> Payment Information Known

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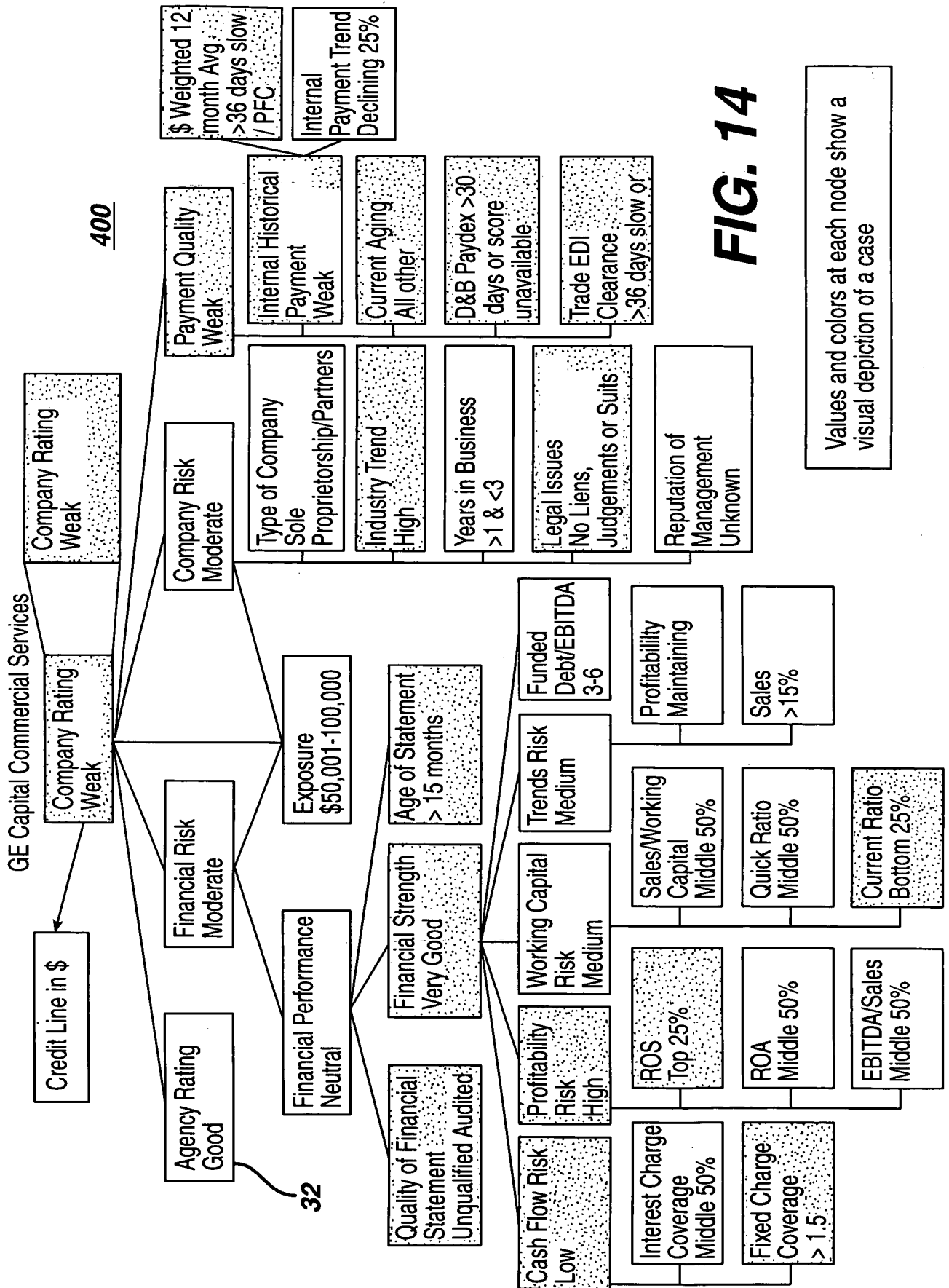
Company Rating	Marginal
Net Worth	\$0
Working Capital	\$0
Avg. High Credit	\$11,005
High Credit	\$200,000
Internal High Credit	\$150,000

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Base Credit Line	\$108,852
Multiplier	0.5
House Line	\$54,000

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500

FIG. 15

GE Capital Commercial Service	Test Case 4	The Financial performance of:	Neutral
House Line	\$54,000.00	Was based on:	
The Overall Company Rating of:	Marginal	A Quality of Financial Statement of:	Unqualified Audited
Was based on:		A Financial Strength of:	Very Good
An Agency Rating of:	Marginal	An Age of Statement of:	15 months
A Financial Risk of:	High		
An Exposure of:	> \$100,0001	The Financial Strength of:	Very Good
A Company Risk of:	Moderate	Was based on:	
A Payment Quality of:	Good	A Cash Flow Risk of:	Low
		A Profitability Risk of:	High
The Financial Risk of:	High	A Working Capital Risk of:	Medium
Was based on:		A Trends Risk of:	Medium
A Financial Performance of:	Marginal	A Funded Debt/EBITA of:	3-6
An Exposure of:	> \$100,0001		
		The Cash Flow Risk of:	Low
The Company Risk of:	Moderate	Was based on:	
Was based on:		An Interest Charge Coverage of:	Middle 50%
A Type of Company of:	Type C	A Fixed Charge Coverage of:	> 1.5
An Industry Trend of:	Low		
Years in Business of:	>3	The Profitability Risk of:	High
Legal Issues of:	No Liens, Judgements or Suits	Was based on:	
A reputation of management of:	Checkered	A ROS of:	Top 25%
		A ROA of:	Middle 50%
The Payment Quality of:	Good	An EBITA/Sales Ratio of:	Middle 50%
Was based on:			
		The Working Capital Risk of:	Medium
An Internal historical payment of:	Good	Was based on:	
A Current Aging of:	All other	A Sales/Working Capital Ratio of:	Middle 50%
A D&B Paydex of:	11-30 days slower (or Unknown)	A Quick ration of:	Middle 50%
A Trade EDI of:	10-20 days slow	A Current ration of:	Bottom 25%
The Internal Historical Payment of:	Good	The Trends Risk of:	Medium
Was based on:		Was based on:	
A Weighted Monthly Average of:	11-20 days slow	A Profitability of:	Maintaining
A Payment Trend of:	24% to -24% (or Unknown)	A Sales of:	> 15%